

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

OCTOBER 1, 1999

IN RE:)	
)	
PETITION OF NORTH CENTRAL TELEPHONE)	DOCKET NO. 99-00296
COOPERATIVE, INC. FOR APPROVAL OF AN)	
INTRALATA TOLL DIALING PARITY PLAN)	

**ORDER APPROVING THE INTRALATA TOLL DIALING PARITY
IMPLEMENTATION PLAN**

This matter came before the Tennessee Regulatory Authority (the "Authority") on June 8, 1999, at a regularly scheduled Authority Conference, to consider the Petition of North Central Telephone Cooperative, Inc. ("North Central") for approval of its IntraLATA Toll Dialing Parity Implementation Plan ("the Plan").

Section 251(b) of the Telecommunications Act of 1996 ("the Act") requires all Local Exchange Carriers to provide dialing parity.¹ Specifically, section 251 (b)(3) of the Act states, "Dialing Parity - The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays." The Act further states in sections 251(f)(1) and 251(f)(2) that a rural telephone company may file with the state commission for exemption, suspension or modification of the dialing parity requirements.

¹ Telecommunications Act of 1996, Pub. L. No. 104-104, (February 8, 1996), codified at 47 U.S.C. §§151 *et seq.*

FILE

The Federal Communications Commission ("FCC") initiated a rulemaking on dialing parity on April 19, 1996 and issued its findings in FCC 96-333 Order (Docket 96-98) adopted on August 8, 1996. This Order sets forth the criteria and guidelines for filing of a plan by all carriers. Subsequent to this Order the United States Court of Appeals for the Eighth Circuit vacated the FCC's rules, as they were applicable to intrastate services.² On January 25, 1999, the United States Supreme Court reversed certain portions of the Eighth Circuit's decision including that part of the decision which had stricken the FCC's rules pertaining to dialing parity.³

The FCC's original date for implementation, February 8, 1999, was reinstated by the Supreme Court's decision of January 25, 1999. As a result of this reinstatement, the FCC released FCC 99-54 Order (Docket 96-98) on March 23, 1999, which set forth revised implementation dates for dialing parity. This Order establishes April 22, 1999 as the new date by which all Local Exchange Carriers must file an IntraLATA Toll Dialing Parity Plan with State Commissions for approval. The Plan must be implemented within thirty (30) days after approval from the State Commission. Additionally, the Order states that the Plan must be filed with the Common Carrier Bureau of the FCC if the State Commission has not acted on the Plan by June 22, 1999.

North Central is a telecommunications company operating under Tenn. Code Ann. Title 65, Chapter 29, as a cooperative local exchange carrier that provides telecommunications services in Tennessee. Pursuant to 47 C.F.R. § 51.213, North Central is required to file a plan with the Authority that provides for intraLATA toll dialing parity throughout North Central

² FCC v. Iowa Utils. Bd., United States Court of Appeals for the Eighth Circuit, July 18, 1997.

³ AT&T v. Iowa Utils. Bd., 119 S.Ct. 721 (1999).

exchanges in Tennessee.⁴ This plan must allow customers to pre-subscribe to different carriers for local service, intraLATA toll service and interLATA toll service.⁵

North Central filed its IntraLATA Toll Dialing Parity Implementation Plan on April 22, 1999 with an amendment on May 20, 1999. The Plan, as amended, containing North Central's Petition for Approval, is attached hereto as Attachment I and is fully incorporated herein by this reference. The Plan also requests a modification of the implementation date until August 1, 1999 and relaxation of the requirement that prohibits a default carrier to be specified as a means of accomplishing IntraLATA Toll Dialing Parity.

North Central's request to delay the implementation of IntraLATA Toll Dialing Parity is due to additional time needed to reconfigure its network. Part of the reconfiguration plan is the replacement of switches serving ten (10) different exchanges and converting those switches to remotes. The completion of this conversion will not occur until June 28, 1999. North Central states that it will incur a substantial monetary penalty in software and other expenses if it is required to implement IntraLATA Toll Dialing Parity prior to August 1, 1999. North Central also requests a relaxation of the requirement that prohibits a default carrier to be specified as a means of accomplishing IntraLATA Toll Dialing Parity. The Company maintains that this requirement is set forth in FCC Order 96-333, Paragraph 41, which states "A LEC's plan may not accomplish toll dialing parity by automatically assigning toll customers to itself, to a customer's currently presubscribed interLATA or interstate toll carrier, or to any other

⁴ Under 47 C.F.R. §51.213, the Federal Communication Commission requires that an IntraLATA toll dialing parity plan contain: (1) a proposal that explains how the local exchange carrier will offer intraLATA toll dialing parity for each exchange that such carrier operates in the state, in accordance with the provisions of this section, and a proposed time schedule for implementation; and (2) a proposal for timely notification to its subscribers and the methods it proposes to use to enable each subscriber to affirmatively select an intraLATA toll service provider. The state commission must approve any such plan prior to implementation.

⁵ Pre-subscription allows the customer to place a call without dialing an access code.

carrier except when, in a state that already has implemented intrastate, intraLATA toll dialing parity, the subscriber has selected the same intraLATA and interLATA presubscribed carrier.” The company, however, states that it intends to assign new customers not selecting an IntraLATA carrier to “no PIC”⁶, notify existing customers that a choice of IntraLATA carriers is now available and allow existing customers not affirmatively changing carriers to remain with the existing provider.

The Directors considered North Central's Plan at the June 8, 1999 Authority Conference and determined that the Plan, as amended, satisfies the requirements set forth by the FCC in Docket 96-98, FCC Order 96-333 and FCC Order 99-54.⁷ The Plan provides for a method that enables customers to select alternate providers of telephone toll service; a method which allows customers to choose different carriers for interLATA and intraLATA service; customer notification/education procedures; and a PIC change charge waiver period. The Directors unanimously voted to approve North Central's Toll Dialing Parity Plan as amended, with the requirement that North Central comply with all applicable sections of FCC Order 96-333 upon implementation of intraLATA equal access. Additionally, the Authority determined that the request for a delay in the implementation of intraLATA toll dialing parity until August 1, 1999 is justified, and based on the representations of North Central, the request for relaxation is not necessary or warranted because the plan as represented will conform to the FCC Order 96-333.⁸

⁶ Per FCC Order 96-333, “The nonselecting customer dials a carrier access code to route their intraLATA toll or intrastate toll calls to the carrier of their choice....”

⁷ FCC Order 96-333, released August 8, 1996, sets forth the requirements for implementation of IntraLATA Toll Dialing Parity. FCC Order 99-54, released March 23, 1999, extends to June 22, 1999 the deadline for state commissions to act on a LEC's IntraLATA Toll Dialing Parity Plan.

⁸ CC Docket 96-98, FCC 96-333, released August 8, 1996, para. 386.

IT IS THEREFORE ORDERED THAT:

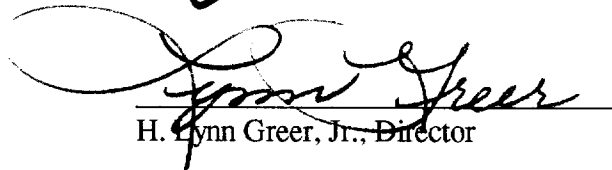
1. The amended Plan of North Central Telephone Cooperative, Inc., for IntraLATA Toll Dialing Parity Implementation on August 1, 1999, a copy of which is attached as Attachment I, is hereby approved and incorporated in this Order as if fully rewritten herein;

2. The request of North Central Telephone Cooperative, Inc., for relaxation of the requirement that prohibits a default carrier to be specified as a means of accomplishing IntraLATA Toll Dialing Parity is not necessary nor warranted;

3 North Central Telephone Cooperative, Inc., shall comply with all applicable sections of FCC Order 96-333 once IntraLATA equal access is implemented; and

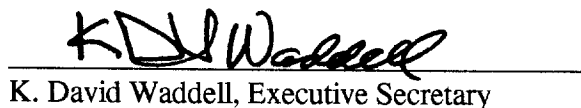
4. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.


Melvin J. Malone, Chairman


H. Lynn Greer, Jr., Director


Sara Kyle, Director

ATTEST:


K. David Waddell, Executive Secretary

NORTH CENTRAL TELEPHONE COOP., INC.

IntraLATA Toll Dialing Parity Implementation Plan

August 1, 1999

Implementation Date

NORTH CENTRAL TELEPHONE COOP., INC.

Lafayette, Tennessee

April 21, 1999

I. Purpose

North Central Telephone Cooperative, Inc. ("North Central") describes herein the process for implementing intraLATA toll dialing parity in the North Central exchanges located in the state of Tennessee. The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the participating telecommunications carrier of their choice for routing their intraLATA toll calls. North Central will associate with the LATA 470 for the purposes of providing toll dialing parity as it currently does for its provision of interLATA equal access.

II. IntraLATA Environment

North Central customers located in Tennessee can currently dial an access code to complete intraLATA toll calls to another carrier. After implementation of this IntraLATA Toll Dialing Parity Implementation Plan (the "Plan"), customers will be able to subscribe to the carrier of their choice for intraLATA as well as interlata service (two-PIC subscription capability). Customers will dial 1+ the area code and number to complete calls using their presubscribed carrier. If customers wish to complete a call using a carrier other than their subscribed carrier, they will need to dial the carrier=s access code (i.e., 101XXXX).

Each end office switch will be equipped with the capability of allowing each end user subscriber to select "no-PIC" as a valid intraLATA subscription selection. Customers selecting "no-PIC" as their subscribed carrier will not be able to make intraLATA tolls on a 1+ or 0+ dialed basis. Such customer will need to dial an access code each time he or she makes an intraLATA call.

In 1992, toll-free intraLATA county-wide calling was initiated for all Local Exchange Carrier=s via an order from the Tennessee Public Service Commission. BellSouth Telecommunications, Inc. ("BellSouth") currently maintains tax-code billing tables to identify "free-county-wide" intraLATA toll calls originated by North Central intraLATA toll customers and to ensure that billing does not occur on these calls. North Central will continue to process toll-free intraLATA county-wide calls in this matter for

toll customers after implementation of intraLATA toll dialing as long as technically feasible.

In 1996, an optional Metro-area calling plan ("MAC") was initiated by North Central for residents of Sumner County to be able to call Davidson County for a fixed rate of \$9.95 per month. BellSouth maintains county territorial database files that are used to identify intraLATA toll calls originated by North Central customers in Sumner County which terminate in Davidson County to ensure that billing does not occur on these calls. North Central will continue to process MAC calls in this matter for Sumner County toll customers after implementation of intraLATA toll dialing as long as technically feasible.

III. Implementation Schedule

North Central will provide intraLATA toll dialing parity in Tennessee on August 1, 1999.¹

IV. Carrier Selection Procedures

North Central will implement the full Two-PIC ("Primary Interexchange Carrier") carrier selection methodology. With the full two-PIC methodology, customers will be able to subscribe to one telecommunications carrier for interLATA toll calls and subscribe to the same or a different participating telecommunications carrier, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

1 Concurrently with the filing of this Plan, North Central is filing with The Tennessee Regulatory Authority ("TRA") a Petition for Modification ("Petition") of the time frames for implementing intraLATA toll dialing parity that were prescribed by the Federal Communications Commission ("FCC") as well as the FCC's "default" carrier rules. The August 1, 1999 date noted herein is based on the assumption that the TRA will approve North Central's Petition for the reasons stated therein.

North Central employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain to customers the process for making PIC changes for intraLATA toll calls. Business Office personnel and the Customer Account Records system will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

Existing Customers

Currently, BellSouth is the only subscribed intraLATA toll provider for existing customers in North Central's local exchange area. On August 1, 1999, customers may subscribe any telecommunications carrier offering intraLATA toll service in their exchange. Existing customers will remain with BellSouth until they affirmatively choose an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their selected carriers to North Central directly or through their selected carriers.

Subject to the proposed PIC Charge Waive Period discussed below, customers will be assessed a PIC change charge for changing their intraLATA carrier at a rate of \$5.00. When customers request a simultaneous change to the same carrier for their interstate and intrastate service, North Central will assess one PIC charge.

A charge will be established for unauthorized PIC changes submitted by carriers to North Central for end-user customers (slamming).

New Installation Customers

North Central customer contact representatives will be provided discussion guidelines that will provide a new customer with the following information:

1. Inform the customer that a choice of intraLATA toll providers is now available to him or her.

2. Offer to read the customer a list of available carriers in randomly generated order.

3. Advise the customer that various carriers provide intraLATA toll service.

Customers who do not make a positive choice for an intraLATA toll carrier will be notified that they will not be automatically defaulted to a carrier and will be required to dial an access code to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

PIC Charge Waive Period

Customers will be given a period of ninety (90) days within which to make one change of their preferred carrier at no cost to the customer. This waiver period will begin on August 1, 1999. The costs associated with this waiver will be recovered through the general cost recovery mechanism.

V. Customer Education/Notification

At the time of implementation, August 1, 1999, North Central will issue a press release announcing the availability of intraLATA 1+ subscription. This press release will announce the opportunity to choose a primary intraLATA carrier and explain the 90 day waiver period from August 1, 1999 through October 31, 1999.

North Central will notify all existing end users via a direct mailing and a bill message regarding intraLATA subscription implementation and explain their opportunity to select an intraLATA carrier. The wording of the customer notification includes an explanation of the PIC change charge waiver period and is shown as Exhibit A. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier. After implementation, all new customers will be advised of intraLATA availability and requested to make an intraLATA carrier selection.

VI. Carrier Notification

Current interexchange carriers will be notified of North Central intraLATA toll dialing parity implementation via Certified U.S. Mail 60 days prior to the Plan's implementation with a subsequent notification at the time of implementation. Carriers that currently participate in interlata toll will be assumed to be participants in the intraLATA toll market. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying North Central.

VII. Operator Services and Directory Assistance

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard exists for access to Operator Services and Directory Assistance unique to intraLATA services. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" for accessing the local exchange Directory Assistance and dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

VIII. Cost Recovery

In accordance with 47 C.F.R. section 51.215, adopted in the FCC's Second Report and Order and Memorandum Opinion and Order in CC Docket No. 96-98, cost recovery for the incremental cost of dialing parity; specific switch software, and necessary hardware and signaling system upgrades, and customer education costs that are specifically to implement dialing parity, will be implemented in a competitively neutral manner across all providers of telephone

toll service in the area served by North Central. Incremental costs will be recovered from all carriers through a rate element based upon originating intrastate switched access minutes of use ("MOUs") during the 4 year cost recovery period. Attached, as Exhibit B, is a detailed explanation of the Cost Recovery methodology. An annual true-up will be conducted and reported to the TRA.

IX. Statement of Compliance

North Central will comply with all rules of the FCC and the TRA.

Executed as of the 21st Day of April, 1999 |

A handwritten signature in black ink, appearing to read "F. Thomas Rowland", written over a horizontal line.

F. Thomas Rowland
General Manager of NCTC
872 E. Hwy. 52 Bypass
P. O. Box 70
Lafayette, TN 37083
Phone: 615-666-2151

Exhibit A

BILL MESSAGE

"North Central implemented local toll 1+ subscription service on August 1, 1999. You are now able to choose a local toll provider. Your current carrier will continue to provide this service for you or you may select another carrier. You may select the same provider as your interstate long distance service provider or you may select a different provider for each service. Your first selection prior to October 31, 1999 will be free."

DIRECT MAILING

IMPORTANT NOTICE ABOUT LOCAL TOLL SERVICE

"As of August 1, 1999, you are able to choose your provider of "1+" local toll service. This change allows you to remain with your current carrier or select a different long distance carrier for local toll calls. Please refer to the information pages in the front of your North Central telephone directory under "Long Distance Service" for a description of toll calling areas.

If you would like to select a different carrier for your "1+" local toll service, you should contact that company. No action is necessary to keep current your provider for these local toll calls.

From August 1, 1999 until October 31, 1999 you will be able to change your local toll carrier one time without charge. There may be a charge for each subsequent change you make in local toll companies."

Exhibit B

TENNESSEE
METHODOLOGY FOR RECOVERY OF COSTS
ASSOCIATED WITH
IMPLEMENTATION OF INTRALATA SUBSCRIPTION

CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription.

\$ 63,652.00

Step 2: Identify estimated total Intrastate/IntraLATA minutes of use for the 4 year recovery period.

101,859,172

Step 3: Calculate a cost recovery rate by dividing amount in Step 1 by the Minutes of Use in Step 2.

\$0.00063

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.

BASS, BERRY & SIMS, P.L.C.

A PROFESSIONAL LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW

REGULATORY AUTH.

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OFFICE OF THE

May 20, 1999 EXECUTIVE SECRETARY

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**IN RE: North Central Telephone Cooperative, Inc.
IntraLATA Dialing Parity Implementation Plan**

Dear Mr. Waddell:

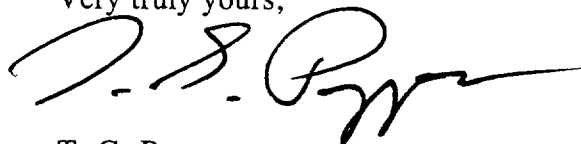
The TRA staff has requested certain additional information from our client North Central Telephone Cooperative, Inc. in connection with a review that the staff is conducting of our client's IntraLATA Toll Dialing Parity Implementation Plan (the "Plan") dated April 21, 1999.

Enclosed please find an original and thirteen copies of:

1. Addendum to the Plan dated May 19, 1999.
2. Revised Exhibit B to the Plan, also revised as of May 19, 1999, to be substituted for Exhibit B to the Plan filed April 22, 1999.

With kindest regards, I remain

Very truly yours,



T. G. Pappas

TGP/br#2024076

Enclosures

cc: Mr. Carsie Mundy
Richard Collier, Esq.
Johnny McClanahan
Thomas J. Moorman, Esq.

Addendum to April 22, 1999
IntraLATA Toll Dialing Parity Implementation Plan
North Central Telephone Cooperative, Inc.

1. List of Exchanges

As indicated in the Company's IntraLATA Toll Dialing Parity Implementation Plan, (the "Plan"), the Company will provide intraLATA toll dialing parity in all of its Tennessee exchanges. Those exchanges, all of which are located in the "615" area code, are:

<u>Exchange</u>	<u>NXX</u>	<u>Exchange</u>	<u>NXX</u>
Bethpage	841	Lafayette	688
Defeated	774	Oak Grove	888
Green Grove	655	Pleasant Shade	677
Hillsdale	633	Red Boiling Springs	699
Lafayette	666	Westmoreland	644

2. Customer Education/Notification

Consistent with its proposed implementation date of August 1, 1999 for the provision of intraLATA toll dialing parity, all existing customers will be provided notice of this new service option via a direct mailing and a bill message regarding intraLATA subscription implementation and explain their opportunity to select an intraLATA carrier on or around July 1, 1999.

3. Compliance with the Tennessee Regulatory Authority Anti-Slamming Rules

The Company shall comply with rules established by the Tennessee Regulatory Authority ("TRA") with respect to changes in a customer's preferred carrier as contained in TRA Rule 1220-4-2-.56 "Verification of Orders for Changes by Local and Long Distance Telecommunications Carriers." In addition, the Company will institute policies and practices consistent with the obligations set forth in TRA Rules 1220-4-2-.56 which require other Local Exchange Carriers to file tariffs regarding preferred carrier freezes.

4. Establishment of Cost Recovery Rate Element

The Company provides an amended Exhibit B to reflect a revised calculation of the Company's initial equal access rate element. This revision is due to an inadvertent use of total intrastate/intraLATA minutes rather than limiting the calculation only to originating intrastate intraLATA minutes of use as reflected in the Plan itself.

5. Clarification of County-Wide Calling

The Company clarifies Section II of its Plan with respect to its reference to the continuation of county-wide calling after the implementation of the Plan. Accordingly, the Company amends the last sentence of paragraph 3 of Section II to state:

"North Central will continue to process toll-free intraLATA county-wide calls in this matter for toll customers after implementation of intraLATA toll dialing."

Executed this 19th day of May, 1999



F. Thomas Rowland
General Manager of NCTC
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P. O. Box 70
Lafayette, TN 37083
Phone: 615-666-2151

Exhibit B

TENNESSEE
METHODOLOGY FOR RECOVERY OF COSTS
ASSOCIATED WITH
IMPLEMENTATION OF INTRALATA SUBSCRIPTION

CALCULATION OF INITIAL EQUAL ACCESS RATE ELEMENT

Step 1: Identify the estimated total incremental costs directly attributable to the provisioning of IntraLATA Subscription.

\$ 63,652.00

Step 2: Identify estimated total Intrastate/IntraLATA originating minutes of use for the 4 year recovery period.

\$55,365,962

Step 3: Calculate a cost recovery rate by dividing amount in Step 1 by the Minutes of Use in Step 2.

\$0.001150

ANNUAL TRUE-UP OF EQUAL ACCESS RATE ELEMENT

Repeat Steps 1 through 3 and calculate an updated access rate element by dividing amount in Step 1, adjusted by the previous year/years cost recovery.

(Revised May 19, 1999)